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SECURITIES AND COMMISSION
Washington, D.C. 20549

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OMB APPROVAL	
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 46492 SEC MAIL
RECEIVED MAR - 3 2004 187 SECTION

FACING PAGE
**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Navellier Securities Corp.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
One East Liberty Street, 3rd Floor
(No. and Street)

OFFICIAL USE ONLY
FIRM I.D. NO.

Reno NV 89501
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Arjen Kuyper (775) 785-2300
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Tait, Weller & Baker
(Name - if individual, state last, first, middle name)

1818 Market Street, Suite 2400 Philadelphia PA 19103
(Address) (City) (State) (Zip Code)

- CHECK ONE:
- ☒ Certified Public Accountant
 - ☐ Public Accountant
 - ☐ Accountant not resident in United States or any of its possessions.

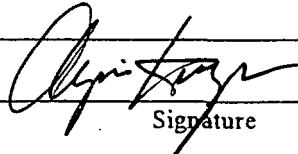
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FINANCIAL**

FOR OFFICIAL USE ONLY

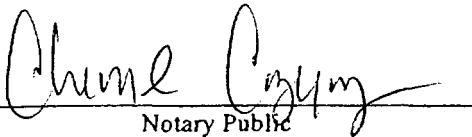
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

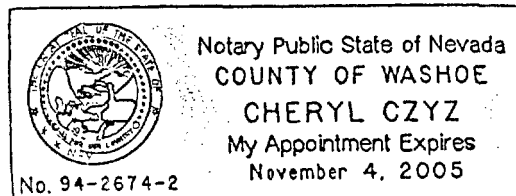
OATH OR AFFIRMATION

I, Arjen Kuyper, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Navellier Securities Corp., as of December 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

Chief Operating Officer
Title


Notary Public

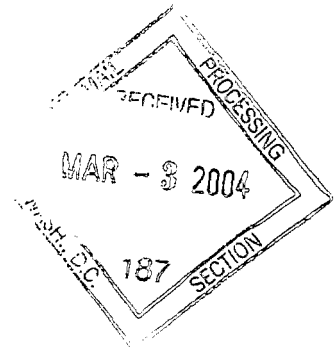


This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditors' Supplementary Report on Internal Control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

TAIT, WELLER & BAKER
Certified Public Accountants



NAVELLIER SECURITIES CORP.

ANNUAL AUDITED REPORT

FORM X-17A-5

DECEMBER 31, 2003

TAIT, WELLER & BAKER
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
Navellier Securities Corp.
Reno, Nevada**

We have audited the accompanying statement of financial condition of Navellier Securities Corp. as of December 31, 2003, and the related statements of income (loss), changes in ownership equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Navellier Securities Corp. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The information contained in Pages 3, 4, 6 and 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Philadelphia, Pennsylvania
February 26, 2004**

Tait, Weller & Behr

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

Navellier Securities Corp.

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STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) 12/31/03

SEC FILE NO. 8-46492

Consolidated

Unconsolidated ☒

99

98

198

199

ASSETS

Allowable

Non-Allowable

Total

1. Cash	\$ 308,038	200		\$ 308,038	750
2. Receivables from brokers or dealers:					
A. Clearance account		295			
B. Other		300	\$ 550		810
3. Receivables from non-customers		355	13,564	600	830
4. Securities and spot commodities owned, at market value:					
A. Exempted securities		418			
B. Debt securities		419			
C. Options		420			
D. Other securities		424			
E. Spot commodities		430			850
5. Securities and/or other investments not readily marketable:					
A. At cost	\$ 130				
B. At estimated fair value		440	610		860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:		460	630		880
A. Exempted securities	\$ 150				
B. Other securities	\$ 160				
7. Secured demand notes:		470	640		890
market value of collateral:					
A. Exempted securities	\$ 170				
B. Other securities	\$ 180				
8. Memberships in exchanges:					
A. Owned, at market	\$ 190				
B. Owned, at cost			650		
C. Contributed for use of the company, at market value			660		900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480	670		910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization		490	680		920
11. Other assets		535	735		930
12. TOTAL ASSETS	\$ 308,038	540	\$ 13,564	740	\$ 321,602
					940

See notes to financial statements

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Navellier Securities Corp.

as of 12/31/03

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING
AND CERTAIN OTHER BROKERS OR DEALERS**

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable.....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account.....	1114	1315	1560
B. Other.....	1115	1305	1540
15. Payable to non-customers.....	62,422	1355	62,422
16. Securities sold not yet purchased, at market value.....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other.....	1205	1385	1685
18. Notes and mortgages payable:			
A. Unsecured.....	1210		1690
B. Secured.....	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:			
1. from outsiders \$ 970		1400	1710
2. Includes equity subordination (15c3-1 (d)) of \$ 980			
B. Securities borrowings, at market value:...		1410	1720
from outsiders \$ 990			
C. Pursuant to secured demand note collateral agreements:.....		1420	1730
1. from outsiders \$ 1000			
2. Includes equity subordination (15c3-1 (d)) of \$ 1010			
D. Exchange memberships contributed for use of company, at market value.....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes.....	1220	1440	1750
20. TOTAL LIABILITIES.....	\$ 62,422	\$ 1450	\$ 62,422

Ownership Equity

21. Sole proprietorship.....	\$ 177
22. Partnership (limited partners.....)	\$ 178
23. Corporation:	
A. Preferred stock.....	178
B. Common stock (\$.01 Par Value, 60,070 Shares Issued and Outstanding).....	601
C. Additional paid-in capital.....	(27,906)
D. Retained earnings.....	286,485
E. Total.....	259,180
F. Less capital stock in treasury.....	17
24. TOTAL OWNERSHIP EQUITY.....	\$ 259,180
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY.....	\$ 321,602

OMIT PENN

FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER Navellier Securities Corp.

as of 12/31/03

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$ 259,180	3480
2. Deduct ownership equity not allowable for Net Capital	19 (3490
3. Total ownership equity qualified for Net Capital	259,180	3500
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		3520
B. Other (deductions) or allowable credits (List)		3525
5. Total capital and allowable subordinated liabilities	\$ 259,180	3530
6. Deductions and/or charges:		
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$ 13,564	3540	
B. Secured demand note deficiency	3590	
C. Commodity futures contracts and spot commodities- proprietary capital charges	3600	
D. Other deductions and/or charges	3610	(13,564) 3620
7. Other additions and/or allowable credits (List)		3630
8. Net capital before haircuts on securities positions	20 \$ 245,616	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):		
A. Contractual securities commitments	\$ 3660	
B. Subordinated securities borrowings	3670	
C. Trading and investment securities:		
1. Exempted securities	18 3735	
2. Debt securities	3733	
3. Options	3730	
4. Other securities	3734	
D. Undue Concentration	3650	
E. Other (List)	3736	(3740
10. Net Capital	\$ 245,616	3750

OMIT PENNIES

Reconciliation of net capital computation

Unaudited net capital as previously filed	\$234,177
Reduction of accounts payable	11,439
Audited net capital	<u>\$245,616</u>

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER Navellier Securities Corp.

as of 12/31/03

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$ 4,161	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 5,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 5,000	3760
14. Excess net capital (line 10 less 13)	\$ 240,616	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 239,374	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$ 62,422	3790
17. Add:		
A. Drafts for immediate credit	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	
C. Other unrecorded amounts (List)	\$ 3820	
19. Total aggregate indebtedness	\$ 62,422	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	% 25%	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$ 3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 3880
24. Net capital requirement (greater of line 22 or 23)	\$ 3760
25. Excess net capital (line 10 less 24)	\$ 3910
26. Net capital in excess of: 5% of combined aggregate debit items or \$120,000	\$ 3920

OMIT PENNIES

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER Navellier Securities Corp.

For the period (MMDDYY) from 01/01/03 3932 to 12/31/03 3933
Number of months included in this statement 12 3931

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$	3935
b. Commissions on listed option transactions	25	3938
c. All other securities commissions		3939
d. Total securities commissions		3940
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		3945
b. From all other trading		3949
c. Total gain (loss)		3950
3. Gains or losses on firm securities investment accounts		3952
4. Profit (loss) from underwriting and selling groups	26	3955
5. Revenue from sale of investment company shares	625,586	3970
6. Commodities revenue		3990
7. Fees for account supervision, investment advisory and administrative services		3975
8. Other revenue		3995
9. Total revenue	\$ 625,586	4030

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	\$	4120
11. Other employee compensation and benefits	27	4115
12. Commissions paid to other broker-dealers		4140
13. Interest expense		4075
a. Includes interest on accounts subject to subordination agreements	4070	
14. Regulatory fees and expenses	57,383	4195
15. Other expenses	521,500	4100
16. Total expenses	\$ 578,883	4200

NET INCOME

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$ 46,703	4210
18. Provision for Federal income taxes (for parent only)	28	4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above		4222
a. After Federal income taxes of	4238	
20. Extraordinary gains (losses)		4224
a. After Federal income taxes of	4239	
21. Cumulative effect of changes in accounting principles		4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$ 46,703	4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	4211
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See notes to financial statements

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Navellier Securities Corp.

For the period (MMDDYY) from 01/01/03 to 12/31/03

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period	\$	712,502	4240
A. Net income (loss)		46,703	4250
B. Additions (Includes non-conforming capital of	\$ 0	4262	4260
C. Deductions (Includes non-conforming capital of	\$	4272	(500,025) 4270
2. Balance, end of period (From item 1800)	\$	259,180	4290

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period	\$	4300
A. Increases		4310
B. Decreases		4320
4. Balance, end of period (From item 3520)	\$	4330

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

Navellier Securities Corp.

as of 12/31/03

Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 ... (\$5,000 Capital Category) X 4550
- B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained 4560
- C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm 4335 4570
- D. (k) (3)—Exempted by order of the Commission 4580

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
4600	4601	4602	4603	4604	4605
4610	4611	4612	4613	4614	4615
4620	4621	4622	4623	4624	4625
4630	4631	4632	4633	4634	4635
4640	4641	4642	4643	4644	4645
4650	4651	4652	4653	4654	4655
4660	4661	4662	4663	4664	4665
4670	4671	4672	4673	4674	4675
4680	4681	4682	4683	4684	4685
4690	4691	4692	4693	4694	4695
TOTAL \$			4699		

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

- WITHDRAWAL CODE: DESCRIPTION**
1. Equity Capital
 2. Subordinated Liabilities
 3. Accruals
 4. 15c3-1(c)(2)(iv) Liabilities

See notes to financial statements

NAVELLIER SECURITIES CORP.

STATEMENT OF CASH FLOWS

Year ended December 31, 2003

INCREASE (DECREASE) IN CASH

Cash flows from operating activities

Net income	\$ 46,703
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in assets and liabilities:	
Receivables	(11,917)
Accounts payable	<u>(3,430)</u>
Net cash provided by operating activities	<u>31,356</u>
Capital distribution	<u>(500,025)</u>
Net increase in cash	(468,669)

Cash

Beginning of year	<u>776,707</u>
End of year	<u>\$ 308,038</u>

NAVELLIER SECURITIES CORP.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Navellier Securities Corp. (the "*Company*") is a Nevada corporation incorporated May 5, 1993. The Company is a broker-dealer registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company provides broker-dealer services for the Navellier Performance Funds (the "*Funds*").

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, at the date of the financial statements and the revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash equivalents are carried at cost, which approximates market. The Company considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company places its cash with its principal bank which is a high credit, quality financial institution.

FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost. Depreciation is provided using the straight-line method over estimated useful lives which are generally 7 years. Costs of normal repairs and maintenance are charged to expenses as incurred.

COMMISSIONS

Commissions are recorded on a trade date basis as securities transactions occur.

FEDERAL INCOME TAXES

The Company has elected to be treated as an S corporation under the Internal Revenue Code. Accordingly, the Company's taxable income is reported in the individual federal income tax return of the stockholder. Consequently, no provision for federal income taxes is reflected in the accompanying financial statements.

ADVERTISING

Advertising costs are expensed when incurred.

NAVELLIER SECURITIES CORP.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2003

(2) RELATED PARTY TRANSACTIONS

The Company acts as the fund distributor for the Funds. The Company, which is the principal underwriter of the Funds' shares, renders its services to the Funds pursuant to a distribution agreement. Certain officers and Directors of the Company are also officers and Trustees of the Funds.

(3) REGULATORY REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule, which requires that the Company maintain minimum net capital, as defined, and may not permit its aggregate indebtedness, as defined, to exceed fifteen times its net capital. At December 31, 2003, the Company's regulatory net capital was \$245,616, which was \$240,616 in excess of the required net capital of \$5,000, and the Company's ratio of aggregate indebtedness to net capital was .25 to 1.

TAIT, WELLER & BAKER
Certified Public Accountants

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5**

**Board of Directors
Navellier Securities Corp.
Reno, Nevada**

In planning and performing our audit of the financial statements of Navellier Securities Corp. (the "*Company*"), for the year ended December 31, 2003, we considered its internal control, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13, or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and is not intended to be and should not be used by anyone other than these specified parties.



Philadelphia, Pennsylvania
February 26, 2004